

# Memorandum

To: Panel Members

From: Creighton Chan, Manager  
Peter DeMauro, General Counsel

Subject: One-Step Agreement for **Tularik Inc.**  
www.tularik.com

Date: February 27, 2003

Analyst: A. Nastari

## **CONTRACTOR:**

- Training Project Profile: SET - Workers Earning at Least State Average Hourly Wage
- Legislative Priorities: Locating into or expansion within California  
Moving to a High Performance Workplace
- Type of Industry: Services; Pharmaceutical Research and Development
- Repeat Contractor: No
- Contractor's Full Time Employees:
  - Company Wide: 400
  - In California: 300
- Fringe Benefits: Yes
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: N/A

## **CONTRACT:**

- Program Costs: \$236,823
- Substantial Contribution: \$0
- Total ETP Funding: \$236,823
- In-Kind Contribution: \$431,576
- Reimbursement Method: Fixed-Fee
- County(ies) Served: San Mateo
- Duration of Agreement: 24 Months

**SUBCONTRACTORS:**

Right Management Consultants, Soquel, California, \$3,000 for each Continuous Improvement Skills class. The Contractor anticipates that it will require approximately 4 classes over the term of the Agreement for a total of \$12,000.

LearnIT, San Francisco, California, \$5,600 for the delivery of Computer Skills.

**THIRD PARTY SERVICES:**

Deloitte & Touche, San Jose, California, assisted the Contractor with assessing the company's training needs, development of a training plan and curriculum based on the assessments, and development of the Application documents for this project. This was provided at a cost of \$25,000, but if the Contractor earns more than \$100,000 Deloitte & Touche will receive 25 percent of the increment above \$100,000.

**NARRATIVE:**

This project is as a result of direct marketing efforts by the Technology, Trade and Commerce Agency.

Tularik Inc., founded in 1991 in South San Francisco, is a biopharmaceutical company engaged in the discovery and development of orally administered medicines developed as a result of gene testing. Tularik focuses on three therapeutic areas: Cancer, Immunology, and Metabolic Diseases associated with diabetes and obesity.

Tularik has been determined ETP eligible under Title 22, California Code of Regulations, Section 4409(a), Special Employment Training funds for Frontline Workers who earn at least the state average hourly wage.

The Contractor's representative reports the following: In the past five years Tularik's California operations and employee base have grown from 100 to 400 workers. Starting out as a small company primarily engaged in basic research and experimentation, it has moved into clinical trials involving human testing and the beginning of product development. Tularik's primary customers are pharmaceutical companies.

For Tularik to sustain its growth in the highly competitive biopharmaceutical market it must incorporate the most advanced technology available into its research. Over the past two years, the way Tularik conducts research has changed dramatically - from a manual system, relying heavily on the use of test tubes, to a sophisticated system involving complex computers that can run hundreds of tests at the touch of a button. Tularik reports that staff develop and take advantage of multiple scientific testing approaches and cutting-edge technologies to work efficiently to consistently meet trial deadlines.

Tularik has recently acquired and integrated a number of new technologies, to help with the advancement of its programs, in which it needs to train its Research Associates, Scientists and Product Development Professionals.

Additionally, Tularik found that to maintain funding for the company's research and product development, it must inform its investors and the public about research activities. Tularik, therefore, will place new job responsibilities on its staff to communicate research findings to investors and the public.

Tularik has further identified the need to provide leadership skills to the lead Scientists and Development Professionals who work side-by-side with their peers. Although proficient in their professions, lead

**NARRATIVE:** (continued)

Scientists and Development Professionals lack skills to motivate employees to perform at their highest potential to guide the company towards advancement.

For the above reasons, Tularik is seeking ETP funds to assist in the training of its Scientists, Research Associates, and Development Professionals in the areas of Advanced Technology, Business, Computer, and Continuous Improvement Skills.

**Advanced Technology Training** –To meet investors' and customer demands, Tularik must provide training related to new developments in the gene research process. The proposed training relates to scientific and technological processes, which improve research capabilities. The training will focus on providing staff with skills on the use of new equipment such as complex servers and high-speed computer systems that are used for scientific developments related to Cancer, Metabolic Disease, and Immunology. These systems allow hundreds of tests to be performed in a fraction of the time it would take if continued to be performed manually.

Courses to be delivered under the Advanced Technology category qualify for the \$20 per hour amount to be reimbursed by the Panel. Courses include lab training that allows trainees to practice and develop skills in a non-productive environment. Because of the low ratio of students to instructors, 1:10 or less, and the scientific nature of the courses, per-student course cost is much higher than for other curriculum areas. The average cost to deliver this training is \$2,250 per 1 to 2 hour class.

**Business and Computer Skills** - In an effort to provide direct information to its investors and the public, Tularik is now placing new job responsibilities on its Scientists, Research Associates, and Development Professionals to make public presentations on their findings. These individuals who primarily work in research and development have not been required to have public contact. Although proficient in their professionals, these employees lack the necessary skills required to make informative, effective and concise public presentations. Tularik, therefore, must provide Effective Presentation topics (such as Sending a Core Message and Captivating the Audience) that will give staff the skills and confidence to make effective presentations. Tularik is also combining intermediate Computer Skill topics in PowerPoint, Word and Excel that will result in providing employees with the skills and techniques to create presentation tools and generate informative reports.

**Continuous Improvement** – Tularik's lead Scientists and Development Professionals work side-by-side with Research Assistants, peer Scientists and Development staff. Tularik has identified the need to provide its leads with leadership skills. Leads will receive training on techniques of Team Motivation Within The Workplace; Communicating Diplomatically as a Lead and Mentor; Effective Decision-Making and Setting Workplace Goals; and, Reporting Results to Frontline Workers and Upper Level Managers.

**Supplemental Nature of Training**

Tularik certifies that the training proposed in this project has not been offered as extensively in the past. The company has been able to provide only sporadic or on-the-job training as it related to research activities. This training was primarily in manual operations as opposed to the computerized methods as in this proposal. The company will continue to provide safety training required by OSHA; new hire orientations; refresher training courses for those needing individualized attention; training courses related to new company-wide initiatives; employee empowerment training classes; and on-the-job training in various research techniques.

Tularik's proposed training plan consists of curriculum topics, which will be new to the trainees. The Advanced Technology training will be on new processes, new equipment, and new developments in the biotechnology industry.

**NARRATIVE:** (continued)

Business and Computer training will provide Scientists presentation and communication techniques needed for their new job responsibilities. It's anticipated that new leadership topics will provide lead Scientists and Development Professionals with tools and techniques needed to lead, mentor, and motivate staff toward company advancement.

**In-Kind Contribution**

Tularik will contribute approximately \$431,576 in wages paid to employees while in training.

**COMMENTS:**

All the participants in this project meet the Panel definition of frontline workers under Title 22, California Code of Regulations, Section 4400(ee).

Senior level employees who set policy will not be included in this Agreement.

Advanced Degrees: ETP has a policy that the Panel will not fund training for service industry employers who primarily provide services utilizing persons required to have an advanced degree (masters or above). However, there is an exception for employers in research and development and emerging technologies. Since Tularik is a biopharmaceutical company involved primarily in research and development, the company is requesting that the Panel allow the training of its 50 Scientists, proposed in this project, even though several possess advanced degrees.

Additionally, Tularik's request for funding is in line with the Governor Davis' press release of January 3, 2003, entitled "Davis Aims Economic Growth Initiative At Life Sciences Industry", which discusses a series of new initiatives to boost life-saving research and product development in the State.

**PROPOSED ACTION:**

Staff recommends that the Panel allow funding for trainees who have advanced degrees and approve this One-Step Agreement if funds are available and the project meets Panel priorities. This recommendation is based on Tularik's need provide its employees with the most advanced research techniques while enhancing existing professional skills. The training will further allow Tularik to sustain its growth in a highly competitive market and remain viable in California.

**TRAINING PLAN:**

Grp/Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs	No. CBT Hrs	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
Job 1 Retraitees	Advanced Technology  Menu Curriculum: Business Skills Computer Skills	124	40  10	0	0	\$930	\$19.96 - \$56.25
Jobs 2 & 3 Retraitees	Advanced Technology  Menu Curriculum: Business Skills Computer Skills Continuous Improvement Skills	103	40  10 - 29	0	0	\$930 - \$1,177	\$31.25 - 56.25
Job 4 Retraitees	Advanced Technology  Menu Curriculum: Business Skills Computer Skills	24	40  9	0	0	\$917	\$31.25 - \$56.25
						<b><u>Range of Hourly Wages</u></b> \$19.96 - \$56.25	
						<b><u>Prevalent Hourly Wage</u></b> \$35.00	
						<b><u>Average Cost per Trainee</u></b> \$944	
<b><u>Health Benefit used to meet ETP minimum wage:</u></b> N/A						<b><u>Turnover Rate</u></b> 14.62%	<b><u>% of Mgrs &amp; Supervisors to be trained:</u></b> 0%

## Menu Training Curriculum

Hours

Trainees will receive any of the following:

Class/Lab

9 to 29

### **BUSINESS SKILLS**

#### **Effective Presentations**

Power Speaking

Enhancing Presentations with Body Movement

Sending a Core Message

Captivating the Audience

### **COMPUTER SKILLS**

#### **Advanced Desktop Training**

Intermediate Word

Intermediate Excel

Intermediate PowerPoint

### **CONTINUOUS IMPROVEMENT SKILLS**

#### **Leadership Skills**

Communicating Diplomatically

Motivating Your Team

Effective Decision Making

Setting Goals and Reporting Results

Hours

Class/Lab

40

### **ADVANCED TECHNOLOGY**

#### **Technological Developments**

Molecular Modeling Technology

Parallel Processing

Nuclear Magnetic Resonance Machine

Fluorescence Imaging Plate Reader

Chemical Luminescence Plate Reader

#### **Scientific Developments**

Combinatorial Chemistry

Gene Inhibiting Technology